

Qualification criteria for a Latvia`s primary dealer candidate¹

1. A candidate for a primary dealer shall be a credit institution (bank) or its branch that fulfils at least one of the following criteria:
 - 1.1 is a counterparty of the Treasury;
 - 1.2 by the decision of the European Central Bank is classified as significant and is directly supervised by it;
 - 1.3 is a local or regional systemically significant institution;
 - 1.4 candidate`s credit rating, evaluated by at least two international rating agencies, is not less than A3.
2. A candidate has primary dealer status in at least one other Eurozone country.
3. A candidate is a member of NASDAQ Riga (stock exchange).
4. A candidate has been active in Latvia government securities (XS ISIN) primary market in the Republic of Latvia (domestic market):
 - 4.1 if the candidate **has been the lead manager** of Latvia government securities issued in international capital markets, then for the last **3 (three) months**:
 - 4.1.1 candidate has purchased no less than 5% (five per cent) of the government securities issued in auctions (for example, through existing primary dealer or other market participants) during the relevant period;
 - 4.1.2 the total amount of the candidate's bids in auctions (through existing primary dealer or other market participants) is not less than 10% (ten per cent) of the total demand for securities in auctions during the relevant period.
 - 4.2 if the candidate **has not been the lead manager** of Latvia government securities issued in international capital markets, then for the last **12 (twelve) months**:
 - 4.2.1 candidate has purchased no less than 5% (five per cent) of the government securities issued in auctions (for example, through existing primary dealer or other market participants) during the relevant period;

¹ Fulfilment of the criteria does not automatically guarantee Primary dealer status, as any additional criteria may be evaluated by the Treasury at its sole discretion. For more information on Primary dealer evaluation procedure, please contact Financial Resources department of the Treasury by e-mail frd@kase.gov.lv.

- 4.2.2 the total amount of the candidate's bids in the auctions (through existing primary dealer or other market participants) is not less than 10% (ten per cent) of the total demand for securities in auctions during the relevant period.
- 5. A candidate has been active in Latvia government securities (XS ISIN) secondary market and has provided quotes (buy and/or sales side prices) for Latvia government securities in Bloomberg system:
 - 5.1 if the candidate **has been the lead manager** of Latvia government securities issued in international capital markets, then quotes have been provided for **at least 1 (one)** government security **during the last 1 (one) month**;
 - 5.2 if the candidate **has not been the lead manager** of Latvia government securities issued in international capital markets, then quotes have been provided for **at least 1 (one)** government security **during the last 6 (six) months**.
- 6. A candidate meets the Treasury`s Know-Your-Client basic principles.
- 7. The actions of the candidate (including the region of its activity) does not create reputational risks neither for the Treasury, nor to the Republic of Latvia.